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Comparison of Provision of Meetings of Board and its powers under CA-2013 and Amendment Proposed by "Report of the Company Law Committee)

Particular	Original Provision under CA-2013	Provision after proposed amendment, if approved.
Section 173 (2) Participation through video-conferencing	(2) The participation of directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means, as may be prescribed, which are capable of recording and recognising the participation of the directors and of recording and storing the proceedings of such meetings along with date and time: **Provided** that the Central Government may, by notification, specify such matters which shall not be dealt with in a meeting through video conferencing or other audio visual means.	~~Provided that the Central Government may, by notification, specify such matters which shall not be dealt with in a meeting through video conferencing or other audio visual means.~~ The Committee, therefore, recommended that flexibility be provided to allow participation of Directors through video conferencing, subject to such participation not being counted for the purpose of quorum. However, such Directors, though not counted for the purposes of quorum, may be entitled to sitting fees.
Section 174 (3) Interested directors: exemptions from Section 174(3) to private companies	(3) Where at any time the number of interested directors exceeds or is equal to two-thirds of the total strength of the Board of Directors, the number of directors who are not interested directors and present at the meeting, being not less than two, shall be the quorum during	Exemption to be provided under Section 174(3) to enable participating interested Directors for the purposes of quorum, using Section 462 of the Act Interested Director will count for the quorum.

	such time.	
Section 177 (4) Audit Committee		a. For transactions not covered under Section 188, the Audit Committee to give its recommendation to the Board in case it is not approving a particular transaction.
		b. Subject to safeguards, Audit Committee to allow ratification subject to an upper threshold of Rupees One Crore on such transactions.
	New Amendment for transaction with WOS.	Any transactions between a holding company and its wholly owned subsidiaries that not requiring any Board approval under Section 188. Section 177 to be amended to provide that Such transaction need not require the approval of the Audit Committee
	The Board of Directors of every listed company and such other class or classes of companies, as may be prescribed, shall constitute an Audit Committee.	The Board of Directors of every listed company and such other class or classes of companies, as may be prescribed, shall constitute an Audit Committee except Dormant Company.
Section 178 (4) Nomination and Remuneration Committee	(4) The Nomination and Remuneration Committee shall, while formulating the policy under sub-section (3) ensure that— (*a*) the level and composition of remuneration is reasonable and sufficient to attract, retain	a. Amendment of Schedule IV, to enable the NRC to prescribe 'a methodology for the evaluation of performance of individual Directors, Committee(s) of the Board and the Board as a whole', and the Board to carry out the performance evaluation as per the

	and motivate directors of the quality required to run the company successfully; (*b*) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (*c*) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals: **Provided** that such policy shall be disclosed in the Board's report.	methodology approved by the Board. b. Companies to be allowed place the remuneration policy on its website, if any, and to disclose only the salient features of the policy, along with the web-link in the Board's report
Section 177 and 178 Audit Committee		With respect to private companies which have debt securities listed in a stock exchange, review to be done of existing thresholds, or exemptions under Section 462 to be given, if required
Section 180 (1) (c) Restriction on Board Power	(*c*) to borrow money, where the money to be borrowed, together with the money already borrowed by the company will exceed aggregate of its paid-up share capital and free reserves,	(*c*) to borrow money, where the money to be borrowed, together with the money already borrowed by the company will exceed aggregate of its paid-up share capital and free reservesinclude

	apart from temporary loans obtained from the company's bankers in the ordinary course of business:	securities premium, apart from temporary loans obtained from the company's bankers in the ordinary course of business:
Section 184 (5) Disclosure of interest by directors	(5) Nothing in this section— (*a*) shall be taken to prejudice the operation of any rule of law restricting a director of a company from having any concern or interest in any contract or arrangement with the company; (*b*) shall apply to any contract or arrangement entered into or to be entered into between two companies where any of the directors of the one company or two or more of them together holds or hold not more than two per cent of the paid-up share capital in the other company.	(5) Nothing in this section— (*a*) shall be taken to prejudice the operation of any rule of law restricting a director of a ~~company~~ Body Corporate from having any concern or interest in any contract or arrangement with the company; (*b*) shall apply to any contract or arrangement entered into or to be entered into between two companies where any of the directors of the one company or two or more of them together holds or hold not more than two per cent of the paid-up share capital in the other company.
Section 185 Loans to Directors, etc	Save as otherwise provided in this Act, no company shall, directly or indirectly, advance any loan, including any loan represented by a book debt, to any of its directors or to any other person in whom the director is interested	Save as otherwise provided in this Act, no company shall, directly or indirectly, advance any loan, including any loan represented by a book debt, to any of its directors. ~~or~~ But Company can provide loan to any other person in whom the director is interested subject to the prior approval of the company by a special resolution.
		b. Loans extended to persons, including subsidiaries, falling within the restrictive purview of

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		Section 185 to be used by the subsidiary for its principal business activity only, and not for further investment or grant of loan.
	(*b*) a company which in the ordinary course of its business provides loans or gives guarantees or securities for the due repayment of any loan and in respect of such loans an interest is charged at a rate not less than the bank rate declared by the Reserve Bank of India.	c. Interest rate prescribed here to be aligned with the rate provided under Section 186(7).
Section 186 (1) Loan and Investment by company	**186.** (1) Without prejudice to the provisions contained in this Act, a company shall unless otherwise prescribed, make investment through not more than two layers of investment companies: **Provided** that the provisions of this sub-section shall not affect,— (*i*) a company from acquiring any other company incorporated in a country outside India if such other company has investment subsidiaries beyond two layers as per the laws of such country; (*ii*) a subsidiary company from	**186.** (1) Without prejudice to the provisions contained in this Act, a company shall unless otherwise prescribed, make investment ~~through not more than two layers of investment companies :(*i*) a company from acquiring any other company incorporated in a country outside India if such other company has investment subsidiaries beyond two layers as per the laws of such country;~~ ~~(*ii*) a subsidiary company from having any investment subsidiary for the purposes of meeting the requirements under any law or under any rule or regulation framed under any law for the time~~

	having any investment subsidiary for the purposes of meeting the requirements under any law or under any rule or regulation framed under any law for the time being in force.	~~being in force.~~ An 'explanation' to be inserted to clarify the exclusion of employees from the requirement of the sub-section/clause
Section 186 (2) Loan and Investment by company	(2) No company shall directly or indirectly — (*a*) give any loan to any person or other body corporate; (*b*) give any guarantee or provide security in connection with a loan to any other body corporate or person; and (*c*) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, exceeding sixty per cent of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more.	Provisions of Rule 13(1) of the Companies (Meetings of Board and its Powers) Rules, 2013 relating to aggregation of loans and investments for the purpose of calculating the limits under Section 186(2) to be provided in the Act An 'explanation' to be inserted to clarify the exclusion of employees from the requirement of the sub-section/clause
Section 186 (7) Loan and Investment by company	(7) No loan shall be given under this section at a rate of interest lower than the prevailing yield of one year, three year, five year or ten year Government Security	The loan given to foreign entity should be at the effective yield which should not be less than the rate provided under Section 186 (7)

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	closest to the tenor of the loan.	
Section 186 (11) Loan and Investment by company	(11) Nothing contained in this section, except sub-section (1), shall apply— (*a*) to a loan made, guarantee given or security provided by a banking company or an insurance company or a housing finance company in the ordinary course of its business or a company engaged in the business of financing of companies or of providing infrastructural facilities;	The Removal of Difficulty Order for Section 186(11) with regard to Insurance and Housing Finance Companies, etc. issued in January 2015, subject to legal clarification, to be included in the sub-section itself through an amendment.
Second proviso to Section 188 (1) Related Party Transactions	**184 (1) Provided further** that no member of the company shall vote on such special resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party	MCA circular no. 30/2014 in relation to Section 188 (1) to be withdrawn **184 (1) Provided further** that no member of the company shall vote on such special resolution, to approve any contract or arrangement which may be entered into by the companyif such member is a related party Contract with joint ventures and closely held public companies are exempted for this purpose.
Section 194 and 195 Prohibition on forward trading and insider trading of securities	194 **Prohibition on forward dealings in securities of company by director or key managerial personnel.** 195 **Prohibition on insider trading of securities**	DELETED ~~194 **Prohibition on forward dealings in securities of company by director or key managerial personnel.**~~ ~~195 **Prohibition on insider trading of securities**~~